

The Legislative Fiscal Division

Presents:

Profile of...

Department of Livestock

State of Montana



Agency Profile

Oct. 2008

This agency profile will discuss...

- structure and funding
- primary functions and
- historical expenditures

The profile also includes information on how decision makers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at:
<http://leg.mt.gov/css/fiscal/default.asp>

General Fund Statewide Comparison FY 2008 (In Millions)



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison FY 2008 (In Millions)



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Section C
Natural Resources & Transportation



What the Agency Does

The Department of Livestock consists of the Board of Livestock and its appointed executive officer, and three administratively attached boards, including the Livestock Crimestoppers' Commission, the Milk Control Board, and the Horse Racing Board. The Board of Livestock is the statutory head of the department with seven members appointed by the Governor and confirmed by the Senate to serve six-year terms. Total FTE: 140.49 for FY 2008.



How Services Are Provided

The Department of Livestock consists of five divisions with the following functions:

Brands Enforcement Division provides professional law enforcement and investigative work to track livestock ownership, and record and inspect livestock brands. This work is managed by 57.21 FTE.

Diagnostic Laboratory Division provides veterinary lab testing and services to producers, veterinarians, animal owners, and other department divisions, as well as some public health related testing for other government entities (e.g. rabies, West Nile virus). 20.50 FTE are assigned to this function.

Meat, Milk, and Egg Division ensures clean, wholesome, and properly labeled meat, poultry, egg and dairy products for consumers through two bureaus: 1) the Meat/Poultry Inspection Bureau (20.50 FTE) conducts on site inspections (e.g. slaughterhouses); and 2) the Milk and Egg Bureau (5.00 FTE) conducts on site inspections (e.g. dairies).

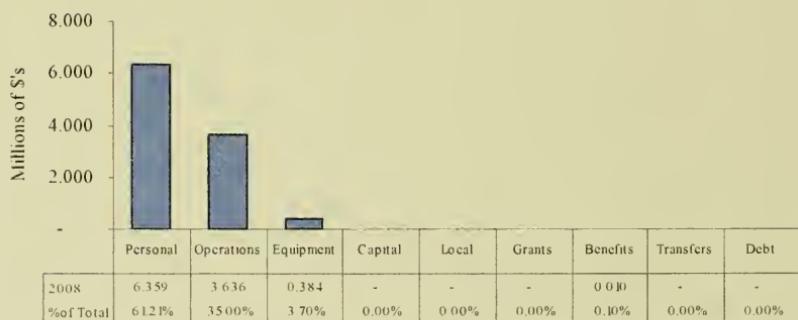
Animal Health Division safeguards health and food production capacity of Montana's animals and poultry through prevention, diagnosis, control, and eradication of animal disease. This function has an assigned staff of 14.00 FTE.

Centralized Services Division provides budget, accounting, and other administrative functions to support department operations and administratively attached boards, and leadership through the Board of Livestock. The Predator Control Program provides protection from certain types of predators that threaten domestic livestock, and may endanger human safety. 20.78 FTE are assigned to both functions.



The Department of Livestock provides services and functions through the employment of state FTE, who conduct inspections, record and inspect brands, operate the state diagnostic veterinary laboratory, provide technical assistance and education to producers, etc. Personal service costs amount to 61.2 percent of all department expenditures, while operations account for 35 percent of all department expenditures.

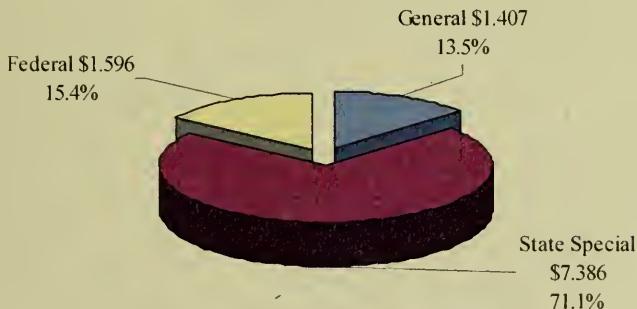
Department of Livestock All Fund FY 2008



How Services are Funded

The Department of Livestock is primarily funded with state special revenue through assessments on livestock producers (per capita fees), licensing (production plants, pari-mutuel betting, etc.), inspections, brand recording fees, and fee-for-service laboratory testing. Federal funds support USDA regulated meat and poultry inspections, dairy inspections, animal health surveillance (BSE and scrapies), homeland security programs, and bison management programs around Yellowstone National Park. General fund supports one half of meat and poultry inspection functions (as required by USDA 50/50 general fund match requirement) and public health testing services by the diagnostic veterinary laboratory.

**Department of Livestock Funding by Source
FY 2008 (In Millions)**





Montana State Library



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Related Data & Statistics

The following lists pertinent statistics related to Department of Livestock functions and /or customers.

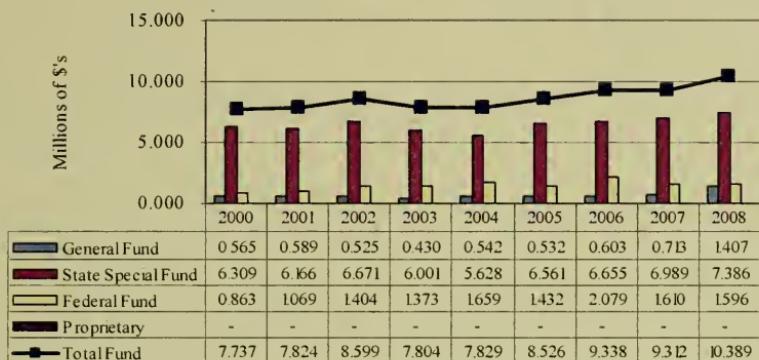
| Element | 2004 | 2008 | Significance of Data |
|--|------------------|------------------|---|
| Number of cattle in MT | 1,729,997 | 1,796,204 | Per capita fees are primary revenue |
| Number of brands recorded | 53,172 | 58,006 | Primary workload and revenue for major division |
| Number of cattle that went through the auction | 670,688 in FY 03 | 624,075 | Workload for brand inspectors |
| Number of licensed milk producers | 104 | 80 | Dictates level of inspections needed |
| Number of dairy Inspections | 535 | 299 | Workload for milk/egg inspection functions |
| Number of lab services | 273,856 in FY 03 | Not Available | Workload and demand for diagnostic laboratory |
| Number of bison incidents | 2,047 | 9 | Workload for bison management functions |
| Number of horse tracks | 6 | 3 | Workload for horse racing regulation |
| Quantity of milk sold | 289,073,773 lbs | 289,543,782 lbs. | Workload for milk control functions |





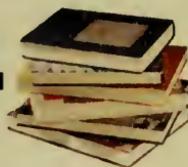
Expenditure History

Department of Livestock Funding History



Reasons for Expenditure Growth/Change

- The reason for the expenditure growth in general fund expenditures since FY 2005 is attributable to:
 - A philosophical shift towards supporting functions that are defined as “public health/safety” with general fund rather than state special revenue (producer fees). This shift was reflected in funding allocations for the Central Services Division, which provides administrative support for all department functions, and in the diagnostic lab
 - Increased FTE for meat inspectors, which requires a general fund match of USDA funds.
- State special revenue expenditures experienced only moderate growth until 2008 due to increased lab fees and parimutuel wagering for the Board of Horseracing:
 - The reorganization that brought the Board of Horseracing to Livestock from Commerce, which is funded entirely through self-generating state special revenue, creating an expenditure increase.
- There has been significant growth (18 percent average) in federal special revenue expenditures attributable to the federal bison management program (brucellosis control) around Yellowstone National Park



Agency Functions, State Purposes & Customers Served

The Department of Livestock is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

| Policy Objectives | Major Agency Functions | Customers |
|---|--|---|
| <i>Consumer/Citizen Protection</i> | <ul style="list-style-type: none"> • Meat and Poultry Inspection • Milk/egg and Dairy Inspection • Horse Racing Inspection and Regulation • Diagnostic Milk Laboratory (testing) • Milk Transfer Control (regulation) • Animal Disease Control • Alternative Livestock Regulation/Licensing | <ul style="list-style-type: none"> • Consumers and Producers |
| <i>Economic/Business Development</i> | <ul style="list-style-type: none"> • Brands Recording and Inspection • Predator Control • Bison Management • Diagnostic Veterinary Laboratory | <ul style="list-style-type: none"> • Producers, Veterinarians, and Wildlife biologists |
| <i>Provision of Justice and Protection of Life and Property</i> | <ul style="list-style-type: none"> • Crimestoppers • Landowner Dispute Resolution | <ul style="list-style-type: none"> • Producers |

How The Legislature Can Effect Change

In order to change expenditure levels and/or Department of Livestock activity, the legislature must address one or more of the following basic elements that drive costs.

- Inspection regulations—although most livestock inspections (meat, poultry, milk, eggs, etc.) are defined by federal regulation (USDA and FDA), the State of Montana could develop inspection regulations and requirements. The number of facilities (slaughterhouses and meat processing plants) and the number of animals to be inspected are the multipliers for the regulations themselves. Although these numbers are beyond some level of control (a function of the livestock economy and animal raising conditions), regulation can also address the percent of animals that are to be inspected and the frequency of inspecting processing facilities.
- Brands enforcement and animal health—the commerce and movement (interstate, intrastate and international) of livestock is regulated and controlled by brands (for economic and animal health reasons), with state FTE charged with monitoring that commerce. Expenditure levels can be changed based upon changing policies related to ensuring livestock transactions occur in accordance with regulations as well as in accordance with animal disease control methods. Also, new or emerging animal health issues may require new surveillance and inspection regulations (e.g. BSE [mad cow disease] and avian flu).
- Predator control—these activities are driven by the definition of which animals are predators and what means are used to kill/control these animals (e.g. a hunting season, helicopter patrols, etc.).



- Bison management—although this program is funded by federal special revenue, the costs of the program are related to the state decision that bison from Yellowstone National Park pose a brucellosis threat to the state cattle industry.
- General fund expenditures—in the Department of Livestock, general fund is only used to support meat/poultry inspections and some public health testing in the diagnostic laboratory.
 - The USDA funded inspection program requires a 50/50 general fund match, so this general fund expenditure is a factor of federal regulation and not readily subject to state influence
 - Public health testing in the diagnostic veterinary laboratory is primarily rabies and west Nile virus, so this general fund expenditure is a function of state policy on control and eradication of these diseases

Statewide Factors with Impact

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

- State FTE—state employees perform virtually all functions of the Department of Livestock, with personal services accounting for about 62 percent of department expenditures; personal service costs are the primary influence that drives costs. Therefore any decisions that change FTE levels will have a direct and immediate impact on the delivery of services/functions by the department. Factors affecting personal service costs include:
 - Professional/technical/education requirements of FTE job descriptions
 - Cost of benefits
 - Years of service or longevity

Statutory References

The primary statutory references defining Department of Livestock duties and responsibilities are found at the following locations:

The Department of Livestock is provided for in 2.15-3101, MCA and Title 81, MCA.



Alternative accessible formats of this document will be provided upon request. For further information call the Legislative Fiscal Division @ 444-2986, or visit our web site @ <http://www.leg.mt.gov/css/fiscal>

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